

# NOTES FROM THE:

## Deputy Assistant Secretary, Financial Operations

by Mr John J. Nethery



### Internal Controls

Comptrollers, FSOs, supervisors, I want to foot-stomp the importance of maintaining the necessary internal controls to operate financial management systems. Sharing passwords, allowing individuals to have too much access to a system, and lax controls may invite abuse that make the headlines. I would like to encourage you to read and take to heart the article in this issue by Colonel Bill Brogdon; have your quality assurance people take a look at your procedures and policies. Additionally, you may want to download the exposure draft for the GAO entitled Standard for Internal Controls in the Federal Government, which can be found at <http://www.gao.gov/special.pubs/sicifg.pdf>. I believe that by far the vast majority of our employees and military members are honest, hard working individuals. However, we need to implement cost effective controls to deter fraud.

### Financial Management Reform

Financial management reform is in full swing. To comply with the Chief Financial Officers (CFO) Act, we are in the midst of publishing the FY 1997 Annual Financial Statements for the Air Force. In an effort to further personalize these statements and make them more useful to the field, we have included direct inputs from the major commands. The input from AFMC for Working Capital Funds annual statements was extensive. All other commands added their personal touch to the mission description section.

We have published a tri-fold pamphlet on the Federal Generally Accepted Accounting Principles (FEDGAAP). It will be distributed to the major commands for staff and base-level distribution. Its purpose is to inform FM personnel, as well as other concerned functionals, what FEDGAAP is and how it affects them. FEDGAAP has far-reaching implications in the financial management reform arena and few people outside the Washington beltway have even heard of it. It will affect everyone associated with resource management.

We are also in the process of publishing a pamphlet on Financial Management Reform. The purpose of this pamphlet is to inform the field of the numerous initiatives underway to improve the way we do business. Although not as short as the FEDGAAP tri-fold, it is designed to briefly introduce the reader to financial management reform as the result of various laws, but more importantly, it is in response to the needs of commanders and managers at all levels for significantly improved financial information.

### Federal Managers' Financial Integrity Act (FMFIA)

In December 1997, the acting Secretary of the Air Force signed the Annual Statement of Assurance required by the FMFIA. The statement, supported by letters of assurance from the major commands, direct reporting units, and Secretariat and Air Staff offices reflects creditably on Air Force performance in FY 1997. We reported eight new material weaknesses, one of which was corrected during the year, and seven to be corrected by FY 1999. In addition, we closed four previously reported weaknesses. Two of the three Air Force operating accounting systems were reported to be substantially in compliance with Comptroller General accounting principles and standards. The remaining system, Work Information Management System (WIMS), has been scheduled for replacement during FY 1999 by the Automated Civil Engineering Systems.

